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Date: 5/15/2000

GAIN Report #CS0007

Costa Rica

Coffee

Annual

2000

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Report Highlights:
Costa Rica's crop was better than expected in 1999/2000 growing to 2.65 million 60-kg bags. Exports amounted to 2.12 million 60-kg bags in 1998/99.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
San Jose [CS1], CS

COSTA RICA: COFFEE ANNUAL REPORT

Executive Summary

Production increased to 2.6 million 60-kg bags of coffee in 1999/2000. In 1998/1999, exports amounted to 2.12 million 60-kg bags with the United States the single largest market. Continued low world prices are causing stress within the Costa Rican coffee sector.

Production, Supply and Demand: Coffee, Green

PSD Table						
Country	Costa Rica					
Commodity	Coffee, Green				(1000 HA)(MILLION TREES)(1000 60 KG BAGS)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Area Planted	105	105	107	107	0	107
Area Harvested	98	98	100	100	0	100
Bearing Trees	400	400	410	410	0	410
Non-Bearing Trees	50	50	50	50	0	50
TOTAL Tree Population	450	450	460	460	0	460
Beginning Stocks	1212	1212	1197	1251	1122	1236
Arabica Production	2459	2459	2550	2650	0	2400
Robusta Production	0	0	0	0	0	0
Other Production	0	0	0	0	0	0
TOTAL Production	2459	2459	2550	2650	0	2400
Bean Imports	0	0	0	0	0	0
Roast & Ground Imports	0	0	0	0	0	0
Soluble Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	3671	3671	3747	3901	1122	3636
Bean Exports	2159	2115	2300	2350	0	2300
Roast & Ground Exports	0	0	0	0	0	0
Soluble Exports	0	0	0	0	0	0
TOTAL Exports	2159	2115	2300	2350	0	2300
Rst,Ground Dom. Consum	310	300	320	310	0	320
Soluble Dom. Consum.	5	5	5	5	0	5
TOTAL Dom. Consumption	315	305	325	315	0	325
Ending Stocks	1197	1251	1122	1236	0	1011
TOTAL DISTRIBUTION	3671	3671	3747	3901	0	3636

Production

Preliminary data for Costa Rica's 1999/2000 crop indicate that the crop was better than expected at 2,650,000 60-kg bags, up 3.9 percent from the previous estimate. The current crop is the high crop of the production cycle, increasing 7.7 percent as compared to the 1998/1999 crop. The Western Central Valley, mainly Alajuela, San Ramon, Palmares and Naranjo accounted for a large share of the increased production. These areas experienced a decline in production of 30 percent during 1998/1999 and rebounded in 1999/2000.

Our forecast for the 2000/2001 crop is 2.4 million 60-kg bags. The crop is expected to decline for several reasons. First, the next crop is the low production crop in the production cycle. Second, producers have reduced their fertilization and cultural practices as a result of the low international coffee prices. Many producers (and not only small ones) are carrying over high levels of debt since last year and the banks and processing companies are not lending them money for the next crop.

Area Planted
Total area planted has remained stable, although some new areas were planted in the Southern Region of Perez Zeledon, mostly by larger producers. The new areas should come into production in 2001 and 2002.

The Costa Rican Coffee Institute (ICAFE) announced in February that the Central American Bank of Economic Integration (BCIE) is providing Costa Rica a credit line of $50 million for the renovation of its coffee plantations. The credit is being offered to the approximately 72,000 coffee producers at market interest rates with a two year grace period and a period of five years for repayment. The President of ICAFE mentioned at the time that about half of the plantations in Costa Rica are 15 to 20 years old and this is having an impact on productivity.

Weather
A strong rainy season that ended later than expected resulted in lost coffee production in some of the production areas. The weather caused labor shortages at the time when the coffee was ready for harvest during a period of time in December. Diseases resulting from the high humidity have been common during the past few years, particularly "Ojo de Gallo" (Mycena Citricolor). The strong attack of the Ojo de Gallo suffered during 1999 is expected to affect production during the 2000/2001 crop year.

The year 2000 is forecast to be a year of high precipitation and numerous hurricanes. The transition to the rainy season has already started.

Inputs
As a result of the low international coffee prices, producers are not able to spend as much on fertilization and cultural practices. Reduced fertilization is expected to affect the next crop. Labor shortages were experienced during the harvest in some areas in 1999. The majority of the labor force during the Costa Rican coffee harvest is now comprised of Nicaraguan nationals.

Consumption

Costa Rica's coffee consumption is one of the highest per capita in producing countries at 4.1 kilos per person per year, according to the International Coffee Organization. Domestic consumption has been growing as a result of the large number of tourists visiting the country (more than 1 million in 1999) and because of the large number of Nicaraguans living in Costa Rica. In addition, the liberalization of the domestic coffee market a few years ago resulted in better quality coffee being sold for domestic consumption. There is strong competition in the domestic market among the different coffee brands.

Trade

During crop year 1998/1999, Costa Rica exported 2,115,068 60-kg bags of coffee, valued at $316.3 million. Exports to Member countries of the International Coffee Organization reached 1,160,078 bags, and exports to Non-Member countries amounted to 954,990 bags. The United States remained as Costa Rica's single largest costumer for coffee, importing 672,614 bags. Germany, Italy, Finland and Puerto Rico followed the United States in that order.

Coffee exports during the period October 1999 - April 2000 have reached 1,035,002 60-kg bags valued at $147.4 million. Costa Rica is selling its coffee more evenly during the year hoping to obtain higher prices. The country is participating with other Central American countries in the Association of Coffee Producing Countries, trying to adopt a coffee supply control system to boost prices.

Although the PS&D table lists roasted exports as zero because of the difficulty of obtaining accurate information, in fact, exports of roasted coffee are growing as Costa Rican companies try to benefit from the value-added gain of selling processed coffee over raw coffee.

The low prices during 1999 affected all types of coffee, and the difference in price between the "other milds" and the robustas was considerably reduced as compared to 1997 and 1998. If the low prices continue, many producers may have to look for alternative activities since they would be operating below their production costs.

The attached trade matrix is for the 1998/1999 crop year.

Table 2: Export Matrix: Coffee, Green

Export Trade Matrix			
Country	Costa Rica		
Commodity	Coffee, Green		
Time period	1999	Units:	60 kg. bags
Exports for:			1
U.S.	672,614	U.S.	
Others		Others	
Germany	273,474		
Italy	168,025		
Finland	115,851		
Puerto Rico	115,542		
Netherlands	102,282		
United Kingdom	89,338		
Belgium	76,562		
Canada	74,721		
Total for Others	1015795		0
Others not Listed	426,659		
Grand Total	2115068		0